

# RETIREMENT

An employee is eligible for retirement on or after his/her 55th birthday, provided they have ceased employment with the State. The Retirement Office needs you to provide us with a Non Contributing Member Form (see page 4-5.)

The retirement statutes now require you notify our office within two weeks of the date any member ceases employment with the State. Please be sure to provide the employee's last known address. Based upon the information provided, our office will contact the employee regarding their retirement.

The Retirement Office will provide the employee with a disbursement packet upon receipt of the Non Contributing Member Form. The disbursement packet we send will include a Request for Disbursement Form and a Special Tax Notice.

Retirement benefits will be paid in accordance with the option elected by the member.

The effective date of retirement will be the first of the month following the date they cease employment or returns the Request for Disbursement, whichever is later.

The member has the following options:

- Lump sum payment, paid either directly to them or rolled over to another tax deferred qualified plan.
- A Systematic Withdrawal Option.
- A monthly annuity benefit (proof of age is required.)
- Defer payment until a later date (no later than age 70 1/2.)
- Combination of any or all of the above.

Payments will be made directly to the member, unless they have elected direct deposit or are transferring the account to another tax-deferred plan.

The Internal Revenue Service requires a report of amounts paid during a calendar year be filed. Members receiving a monthly annuity benefit will be issued an IRS Form 1099R at the end of each tax year. This form indicates the amount that is taxable and the amount of employee contri-

butions before January 1, 1985 (non-taxable.) The taxable portion is divided into capital gains (if any) and ordinary income.

A member electing a direct transfer will receive any pre-85 contributions paid directly to them. These contributions are after-tax dollars and cannot be rolled over.

Proof of age will be required only when the member elects to receive a monthly annuity benefit.

A member may request direct deposit of their monthly annuity benefit. Forms are available through the Retirement Office.

Federal law requires income tax withholding from annuity payments. income tax on monthly annuity benefits is figured under the "safe harbor" method. A portion of each monthly payment will be excluded from taxation using a formula which considers age, and cost (contributions prior to 1/1/85), and the amount of the monthly benefit.

Our Annuity provider will furnish the member with an informational letter on taxes after benefits have begun. For additional information, we suggest contacting the Internal Revenue Service and/or a tax consultant.

**Do not** advise the member when to expect payment.

## TERMINATION OF EMPLOYMENT

Any member under the age of 55 is considered a terminating employee. If the member is not vested at the time they cease employment, they are eligible for only their portion of the account. If the member is 100% vested, they are entitled to the full account upon termination. Both non-vested and vested members have the same options upon ceasing employment:

- Lump sum payment, paid either directly to them or rolled over to another tax deferred qualified plan.
- A Systematic Withdrawal Option.
- A monthly annuity benefit (proof of age is required.)
- Defer payment until a later date (no later than age 70 1/2.)
- Combination of any or all of the above.

Payments will be made directly to the member, unless they have elected direct deposit or are transferring the account to another tax-deferred plan.

The Internal Revenue Service requires a report of amounts paid during a calendar year be filed. Members receiving a monthly annuity benefit will be issued an IRS Form 1099R at the end of each tax year. This form indicates the amount that is taxable and the amount of employee contributions before January 1, 1985 (non-taxable.) The taxable portion is divided into capital gains (if any) and ordinary income.

A member electing a direct transfer will receive any pre-85 contributions paid directly to them. These contributions are after-tax dollars and cannot be rolled over.

Proof of age will be required only when the member elects to receive a monthly annuity benefit.

Do not advise the member when to expect payment.

# DEATH

- 1) In the event of the death of an active employee, the Retirement Office **must be advised immediately.**

The Retirement Office will provide the beneficiary(ies) information to assist them in deciding how to take payment of the death benefit due. The beneficiary (ies) have only 60 days after the death of the employee to elect an annuity payment option. Therefore, the sooner the information can be provided, the longer the beneficiary(ies) have to study the various options available.

- 2) To provide the necessary information to the beneficiary, this office needs:

- (a) The date of death of the employee.
- (b) The name of the designated beneficiary(ies). (This will be verified with the beneficiary designation on file in this office).
- (c) The date of birth of the beneficiary(ies).
- (d) Current mailing address of the beneficiary(ies).

- 3) You are responsible for preparing and forwarding the Notification of Death form to the Retirement Office.

The form is to be completed in duplicate. The original is to be forwarded to the Retirement Office with a certified copy of the death certificate. The duplicate is to be retained for your files.

- 4) In preparing the Notification of Death form, the following guidelines must be followed:

- (a) Indicate the name and social security number of the deceased employee in the appropriate spaces.
- (b) List the beneficiary's name and complete mailing address. Only designated beneficiaries are eligible to receive payment.
- (c) Provide the date of last paycheck issued to the member or beneficiary, which should include: the date of payment of any unpaid wages and payment for accumulated vacation leave and sick leave pay.
- (d) The death benefit payment is scheduled using the date of last paycheck as furnished by your agency/department. A death

benefit will not be authorized by the Retirement Office until it has been determined that the last contribution on behalf of the member has been received. If the final paycheck is cancelled and an emergency warrant issued please notify the Retirement Office immediately.

- (e) The death benefit payable will always include the employer matching funds.
- 5) Payment of the death benefit will be made directly to the designated beneficiary on file in the Retirement Office. If the designated beneficiary is a minor (under 19 years of age), contact the Retirement Office for instructions regarding further legal documentation needed.
- 6) The Internal Revenue Service requires us to file a report on IRS Form 1099R of all payments during a calendar year. Our record keeper issues 1099R's to all beneficiaries electing a lump sum distribution of the death benefit. This form indicates the amount which is taxable and the amount of employee contributions before Jan. 1, 1985 (non-taxable). The taxable portion is divided into capital gains (if any) and ordinary income.

If the beneficiary elects to receive payment of the death benefit in the form of a monthly annuity, they will also receive an IRS 1099R at the end of the each taxable year.

- 7) If the beneficiary does not elect the annuity payment option within 60 days, he/she may take a lump sum of all or part of the total joint account.

**Note: If you are notified of the death of a “retired” plan member - please advise the Retirement Office.**

# **SAMPLE FORM**

## **Notification of Death**

### **NOTIFICATION OF DEATH**

**State Employees Retirement System**

#### **EMPLOYEE INFORMATION:**

\_\_\_\_\_  
*Deceased Employee*

\_\_\_\_\_  
*Social Security Number*

\_\_\_\_\_  
*Date of Death*

\_\_\_\_\_  
*Department Number*

\_\_\_\_\_  
*Date of Last Paycheck*

#### **BENEFICIARY INFORMATION:**

\_\_\_\_\_  
*Date of Birth*

\_\_\_\_\_  
*Social Security Number*

\_\_\_\_\_  
*Name*

\_\_\_\_\_  
*Address*

\_\_\_\_\_  
*Address*

**CERTIFIED COPY OF DEATH CERTIFICATE MUST ACCOMPANY  
THIS FORM**

SD Rev. 1/99

# NON CONTRIBUTING MEMBERS FORM

This form must be filled out for anyone that will be missing a contribution(s). If the employee is on a leave of absence, military leave, workman's compensation, family medical leave, etc.

Since a member can only receive credit for a leave of absence due to military leave, family medical leave, or disability, we must be advised of the reason for the leave and the beginning and ending dates. Leave of absences for reasons other than disability and military will require an adjustment be made to the service and vesting dates. When the member returns to work please contact our office.

**If the employee terminates or retires, you have two weeks from the date the employee ceases employment to submit this form to our office.**

If the gross amount of the last paycheck is not available within the 2 week notification period, we ask that you send in the form without the amount of the last paycheck and provide us with the information as soon as it becomes available.

**Be very sure of the date of last paycheck issued to the member. The last paycheck means the check in which the member will receive final payment for any salary due, payment of accumulated vacation leave and sick leave pay.**

**Payments are scheduled using the date of last paycheck that you provide.**

The Retirement Office cannot authorize payment of any account until it has been determined that the last contribution on behalf of the member has been received.

Once we receive the Non-Contributing Member Form, we will mail a packet with the paperwork the employee needs to elect how they wish the account to be disbursed.

# SAMPLE FORM

## Non Contributing Members Form

### STATE EMPLOYEES RETIREMENT SYSTEMS NON-CONTRIBUTING MEMBERS FORM

In accordance with Retirement Statutes enacted by LB 624 (1997), this form must be received by the Retirement Office within two weeks from the date the employer-employee relationship is deemed dissolved, or any other interruption of retirement contributions.

Agency \_\_\_\_\_ Agency # \_\_\_\_\_

Name \_\_\_\_\_ Social Security # \_\_\_\_\_

Employee's Last Known Address \_\_\_\_\_

The above-named employee did not contribute to the retirement plan after \_\_\_\_\_.  
Please provide the necessary information by completing this form and returning it to the Retirement Office.

1. Ceased employment effective: \_\_\_\_\_  
Date of Final Pay (This includes any sick or vacation due) \_\_\_\_\_  
Amount \$ \_\_\_\_\_ Was this done as Emergency (Circle one) YES NO  
Have you cancelled any warrants in the last two months (Circle one) YES NO  
If yes, when and for what amounts \_\_\_\_\_

2. Does the Agency have knowledge of whether the employee will be employed by another Nebraska governmental entity? (Circle one) YES NO  
If yes, please indicate: \_\_\_\_\_

3. Leave without pay status effective \_\_\_\_\_  
Reason for leave (Circle One)  
Military Disability Family Medical Other  
If other than Military or Disability, please explain \_\_\_\_\_  
\_\_\_\_\_  
Anticipated date of return, if known \_\_\_\_\_

4. Employee works on a seasonable or intermittent basis YES NO

\_\_\_\_\_  
Agency Contact Signature

\_\_\_\_\_  
Date

SRS-107S (Revised 2/11/98)

## **ELIGIBILITY OF REHIRED EMPLOYEES**

- 1) A rehired employee who has attained the age of 30, completed 24 months of continuous service, is a permanent full-time employee, and has returned to employment within 5 years, MUST commence participation as of the date of rehire. If the break in service is greater than 5 years, they will be considered a new employee and must wait 12 months to enroll.
- 2) An employee IN OTHER THAN a permanent full-time position, who has attained age 20 and completed a total of 12 months service, must be given the opportunity to voluntarily participate as of the date of rehire, provided they return to work within 5 years.
- 3) For further information on eligibility of rehired employees, please refer to the section regarding Vesting Credit.
- 4) With the passing of LB703, (effective September 1999) any employee that ceases employment and returns to another State Agency within 120 days, will be required to repay any retirement funds that they withdrew. Anything less than 120 days is not considered a separation of employment.

## **DISABILITY RETIREMENT**

- 1) If an employee who has not attained the age of 55 is required to cease employment for reasons of ill health, injury, mental impairment, etc., they may apply for disability retirement.
  - (a) The employee has one year from the time they cease employment to apply for disability benefits.
  - (b) If the employee wants to apply for disability benefits, they need to contact the Retirement Office in writing, requesting information and the application.
- 2) In all cases, the Retirement Office will correspond directly with the individual concerned.
- 3) Questions regarding disability retirement should not be answered at the agency/department level, but should be referred to the Retirement Office.

## LEAVE OF ABSENCE

The retirement office must be notified when a member is on a leave of absence.

A sample Non Contributing Members Form is shown on page 4-5. This form must be completed for any member who is on a leave without pay status. Since a member can only receive credit for a leave of absence due to military or disability, we must be advised of the reason for the leave and the beginning and ending dates. Leave of Absences for reasons other than disability and military will require an adjustment be made to the service and vesting dates.

When the member returns to work please contact our office.

## MILITARY SERVICE

At the time a military leave commences, the agency must notify the Retirement Office in writing of the leave of absence and expected length of the leave. As the employer, you may require that the member indicate in advance if he/she intends to make contributions for the military service upon their return to work. If such notification is received, a copy should be forwarded to the Retirement Office. This advance election will not be binding on the member.

Upon their return to work, an employee must notify the Retirement Office in writing within one year to make contributions for the military service. If no election is made within the year's time, the member will forfeit the right to make-up the contributions.

Once the election is received, you will be contacted to verify the beginning and ending dates of a member's military leave as well as the applicable salary. This information must be received before any payments can be made. The cost to the member will be the amount of contributions the member would have made had the member been continuously employed during the leave. For purposes of the member and employer contributions under this section, the member's salary during the period of military service shall be the rate the member would have received but for the military service, or if not reasonably determinable, the average rate the member received during the twelve-month period immediately preceding military service.

When a member has completed the make-up contributions, the agency will be billed for matching employer contributions. If the member chooses to use payroll deductions, the employer may match the member contribution month by month. No interest or late fees will be charged to the member or employer for the purchase of military service credit.

The deadline for making contributions for military service under federal law will apply. The deadline is three times the member's service in the military, not to exceed five years, counting from the end of the month following the date the leave began.

The member can elect to make the contributions for military service using payroll deductions, installment payments or an eligible rollover distribution.